

### **REMARKS**

The Office Action of December 10, 2004, has been reviewed, and in view of the following remarks, reconsideration and allowance of all of the claims pending in the application are respectfully requested. Despite disagreement with the Office Action, Applicants have amended the claims in an effort to expedite prosecution. No new matter is added.

#### **Claim Rejections under 35 U.S.C. § 101**

Claims 19-25 and 27-28 are presently rejected under 35 U.S.C. § 101 as being allegedly directed to non-statutory subject matter. Independent claim 19 has been amended to include corresponding modules. Applicants respectfully traverse and request that the rejections be withdrawn.

The Examiner asserts that claims 19-25 and 27-28 are directed to non-statutory subject matter. Specifically, the Examiner states:

said claims are not limited by language within the technological arts ... even though said claims are limited by language to a useful, concrete and tangible application. Office Action mailed December 10, 2004, page 3.

Applicants respectfully submit that this is improper for at least the following reasons.

The Examiner has invoked 35 U.S.C. § 101. That section unequivocally states as follows (emphasis added):

#### **§101 Inventions Patentable**

Whoever invents or discovers *any new and useful process, machine, manufacture*, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

The Court of Appeals For The Federal Circuit has interpreted patentable subject matter to

include subject matter that produces useful, concrete and tangible results. *See, e.g., AT&T Corp. v. Excel Communications*, 172 F.3d 1352, 50 U.S.P.Q.2d 1447 (Fed. Cir. 1999) (finding that a patent's claims to a method for enhancing a long-distance telephone call message record by adding a data field with information on the long-distance provider of the call recipient "fall comfortably within the broad scope of patentable subject matter under §101."); *State Street Bank Trust & Co. v. Signature Financial Group, Inc.*, 47 U.S.P.Q.2d 1596 (Fed. Cir. 1998) (stating that mere fact that claimed invention involves inputting numbers, calculating numbers, outputting numbers, and storing numbers, would not, in and of itself, render invention non-statutory subject matter, unless its operation does not produce a useful, concrete and tangible result.).

For subject matter to be statutory, the claimed process must be limited to a practical application of the abstract idea or mathematical algorithm in the technological arts. *See In Re Alappat*, 33 F.3d 1526, 1543, 31 U.S.P.Q.2d 1545, 1556-57 (Fed. Cir. 1994) (in banc). A claim is limited to practical application when the method, as claimed, produces a concrete, tangible and useful result; i.e., the method recites a step or act of producing something that is concrete, tangible and useful. *See AT&T*, 172 F.3d at 1358, 50 U.S.P.Q.2d at 1452. For example, a computer process that simply calculates a mathematical algorithm that models noise is nonstatutory. However, a claimed process for digitally filtering noise employing the mathematical algorithm is statutory. M.P.E.P. § 2106.

The Office has the burden to establish a *prima facie* case that the claimed invention as a whole is directed to solely an abstract idea or to manipulation of abstract ideas or does not produce a useful result. Only when the claim is devoid of any limitation to a practical

application in the technological arts should it be rejected under 35 U.S.C. § 101. Further, when such a rejection is made, the Office must expressly state how the language of the claims has been interpreted to support the rejection. In this case, any such showing is completely lacking. Thus, the Examiner has failed to make a *prima facie* showing.

Applicants respectfully submit that claims 19-25 and 27-28 define inventions that produce “useful, concrete and tangible results” and, thus, satisfy the requirements of 35 U.S.C. § 101. For example, claim 19 recites a new and useful system and method for “providing one or more tailored incentives to a customer in response to a customer request.” According to one exemplary embodiment, the system and method further include “retrieving account data associated with the customer in response to the request where the account data is displayed on a *graphical user interface*,” “identifying the request as a request type, *at a type module*,” “identifying the customer as a customer segment, *at a customer segment module*,” and “identifying one or more incentives based on the request type, *at an incentive module*.” That such a process and system produce a useful, concrete and tangible result is unquestionable. For example, and as described in the Specification, one of the useful, concrete and tangible results of one embodiment of the invention is to provide incentives to customers where the incentives are tailored to the customer’s needs and expectations while achieving profitability to the provider are presented. According to one exemplary embodiment, the present invention determines a set of incentives based on customer segmentation, card segmentation, and call type. Thus, the pending claims set forth useful inventions that have “real world” practical utility and that provide concrete, reproducible results that are tangible in the physical world. Furthermore, these results are obtained using the technological arts (*e.g.*, graphical user interface, modules, *etc.*) in a non-

trivial manner. For at least these reasons, Applicants respectfully submit that the rejections under 35 U.S.C. § 101 are improper and request that they be withdrawn.

**Claims Rejections under 35 U.S.C. § 103(a)**

Claims 19-38 are presently rejected under 35 U.S.C. § 103(a) as being allegedly unpatentable over U.S. Patent No. 5,644,723 to Deaton ("Deaton"). The Office Action alleges that the combination of limitations claimed by Applicants are obvious as taught by Deaton. The Office Action recognizes that Deaton fails to show at least *"identifying one or more incentives based on the request type, the customer segment and one or more profitability factors associated with a provider of the one or more incentives;"* and *"offering the customer at least one of the identified one or more incentives for retaining the customer in response to the request"* (see page 6, Office Action mailed December 10, 2004). For at least these deficiencies, the Office Action alleges that *"it would have been obvious to modify and interpret the disclosure of Deaton as implicitly showing"* the admitted missing elements *"because modification and interpretation of Deaton would have provided means for reducing the requirements for customer identification, to enable a store to adopt a risk management approach to credit verification based on a customer's transactional history (frequency and dollar volume over specified intervals) ... by collecting transactional data ... both current and historical ..."* (Deaton (col. 4, ll. 33-45)) based on the alleged motivation to modify Deaton so as to *"develop customer profiles and to perform targeted marketing."* (see page 7 of Office Action mailed December 10, 2004).

According to one embodiment of the present invention, a system and method provide incentives to customers where the incentives are tailored to the customer's needs and expectations while achieving profitability to the provider. An embodiment of the present

invention may determine a set of incentives based on call type, customer segmentation, as well as profitability factors. Upon receiving a request for termination or other request, the customer may be routed to an appropriate person, department, or group where the customer's account data may be identified and retrieved. The call type may be identified which describes the caller's present situation. Taking into consideration customer payment history and/or other past behavior, the customer may be categorized as a customer segment. Based on the call type, customer segment and profitability factors, a set of tailored incentives may be determined and offered to the customer to promote customer loyalty and retention. If the customer does not accept the incentive, other sales opportunities may be offered to the customer in an effort to retain customer loyalty. An aspect of an embodiment of the present invention is directed to retaining a customer in a response to a request to terminate the relationship between the customer and a provider.

In contrast, Deaton appears to be directed to a system and method for customer promotion involving a terminal at a point-of-sale. A terminal enters a customer's identification code, along with customer transaction data, at the point-of-sale, where a signal representative of a customer's shopping history is generated so that incentive coupons may be issued to customers in dependence upon the signal (Abstract). For example, a transaction terminal 121 includes a bar code reader 123a for reading bar code numbers on products purchased at the point-of-sale (Figure 2A, col. 12, lines 17-23). To initiate check verification, a check reader 121 scans MICR data on the customer's check (Figure 2A, col. 12, lines 28-34). Coupon dispenser 123b is connected to terminal 121 to dispense coupons at the point-of-sale (Figure 2A, col. 12, lines 23-24). Deaton discusses automatic targeting of customers based on shopping history (col. 7, lines

12-13). At the point of sale, coupons may be generated which are specifically targeted to a specific customer based upon prior history (col. 7, lines 14-16). For example, substantive rewards may be given to infrequency shopper, while less substantial rewards may be given to more frequent shopper (col. 7, lines 18-20).

In addressing the admitted missing claim limitations, the Office Action relies upon various excerpts from Deaton, which all fail to provide any disclosure or teaching directed to *“identifying one or more incentives based on the request type, the customer segment and one or more profitability factors associated with a provider of the one or more incentives”* where *“the request type identifies the customer’s current situation”* and where *“the customer segment identifies the customer’s past behavior.”* In addition, Deaton completely fails to provide any disclosure directed to request type, customer segment and profitability factors as recited by the claim limitations. The system of Deaton describes a completely different system for implementing a terminal at a point of sale for generating coupons without any concern for identifying request type, consumer segment and profitability factors.

In addition, the Examiner has failed to explain or even attempt to explain how the missing elements are met by Deaton. Further, upon close examination of the highlighted excerpts, there is nothing in Deaton to suggest *identifying one or more incentives based on the request type, the customer segment and one or more profitability factors associated with a provider of the one or more incentives*, as recited by Applicants. In fact, request type, customer segment profitability factors, as recited by Applicants, are not even discussed in Deaton.

Independent claims 19 and 29 have been amended to include the limitations of dependent claims 20 and 30, respectively. The Office Action admits that Deaton fails to show *“wherein the*

*request is a request to terminate a relationship with the provider.*” The Office Action argues that it would have been obvious *to modify and interpret* the disclosure of Deaton as implicitly showing “wherein the request is a request to terminate a relationship with the provider because *modification and interpretation of Deaton* would have provided means for reducing the requirements for customer identification, to enable a store to adopt a risk management approach to credit verification based on a customer's transactional history (frequency and dollar volume over specified intervals) ... by collecting transactional data ... both current and historical ...” (Deaton (col. 4, ll. 33-45)) based on the alleged motivation to modify Deaton so as to “develop customer profiles and to perform targeted marketing.” (see page 9 of Office Action mailed December 10, 2004). Applicants respectfully disagree.

According to Deaton, coupons may be generated at the *point-of-sale* (col. 7, lines 14-16). Also, the terminal 120 (also referred to as the POS (point of sale) terminal)) is operated by a store clerk at the point-of-sale (col. 12, lines 16-41). Independent claims 19 and 29 state that “the request is a request to terminate a relationship with the provider.” There is no disclosure directed to receiving a request to terminate a relationship with the provider where the customer is offered “at least one of the identified incentives for retaining the customer in response to the request.” Further, there is no teaching available to one of ordinary skill in the art to modify Deaton to further include these major deficiencies. For example, the Office Action has failed to establish why one of ordinary skill in the art would request to terminate a relationship with a provider in the system of Deaton which generates incentives to customers while purchasing products from a store clerk at the point of sale. The Examiner has failed to establish a proper statement of motivation. To modify Deaton as suggested by the Examiner would render the

invention of Deaton useless.

In addition, there is nothing in Deaton to teach or even suggest “*wherein the request is a request to terminate a relationship with the provider.*” The system and method of Deaton fail to support such a modification. Further, the alleged teaching relied upon by the Office Action has absolutely nothing to do with the admitted missing elements of Deaton. More specifically, it is unclear as to how “a risk management approach to credit verification” has anything to do with “a request to terminate a relationship with the provider.” The basis for motivation is improper and the rejections should be withdrawn.

Further, the alleged “motivation” statement<sup>1</sup> provided by the Examiner is improper because the Examiner appears to equate a statement of motivation to an application of improper claim interpretation. The Examiner states that “it would have been obvious to modify and *interpret the disclosure of Deaton cited above as implicitly showing*” the missing limitations (page 8, Office Action mailed December 10, 2004, emphasis added). Either a reference shows the limitation or it does not - obviousness does not apply to claim interpretation, as suggested by the Examiner. It appears that the Examiner is supporting an improper interpretation of the Deaton reference in such a way as to modify the system of Deaton to somehow meet the claimed invention of Applicants. The Office Action fails to rely on any teaching from the cited references or knowledge available to one of ordinary skill in the art. This is a clear example of improper hindsight. For at least these reasons, the alleged motivation for modifying Deaton is improper and the rejections should be withdrawn.

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<sup>1</sup> The Examiner applies the same motivation to all independent and dependent claims regardless of what is claimed.



It is also noted that for various other missing limitations, the Examiner has applied the exact same alleged statement of “motivation” without any concern for explaining how the missing elements are met by any teaching of Deaton. It is reasonable to believe that there is no proper motivation for modifying Deaton as suggested by the Office Action. The Examiner has completely failed to rely upon any disclosure or teaching in Deaton but rather bases the rejection on broad conclusory statements.

The Office Action has failed to set forth a *prima facie* case of obviousness for the claims. Specifically, when a primary reference is missing elements, the law of obviousness requires that the Office set forth some motivation why one of ordinary skill in the art would have been motivated to modify the primary reference in the exact manner proposed. *Ruiz v. A.B. Chance Co.*, 234 F.3d 654, 664 (Fed. Cir. 2000). In other words, there must be some recognition that the primary reference has a problem and that the proposed modification will solve that exact problem. All of this motivation must come from the teachings of the prior art to avoid impermissible hindsight looking back at the time of the invention.

In the present case, the Office Action’s sole justification for modifying Deaton has absolutely nothing to do with the deficiencies of Deaton. As admitted by the Office Action, Deaton fails to show at least “*identifying one or more incentives based on the request type, the customer segment and one or more profitability factors associated with a provider of the one or more incentives;*” “*offering the customer at least one of the identified one or more incentives for retaining the customer in response to the request*” and “*wherein the request is a request to terminate a relationship with the provider.*” To properly modify Deaton to correct for these major deficiencies, the Office has the burden to show some motivation why providing those

elements would have overcome some perceived problem with Deaton. Any such motivation is completely lacking.

Accordingly, the Office has failed to provide any proper motivation for modifying Deaton, so the proposed modification fails. Even if Deaton could be modified as suggested by the Office Action, the resulting combination would nevertheless fail to show each and every limitation claimed by Applicants.

The mere fact that Deaton can be modified does not render the resultant modification obvious unless there is a suggestion or motivation found somewhere in the prior art regarding the desirability of the combination or modification. *See* M.P.E.P § 2143.01; *see also In re Mills*, 16 U.S.P.Q.2d 1430, 1432 (Fed. Cir. 1990); *In re Fritz*, 23 U.S.P.Q.2d 1780 ( Fed. Cir. 1992). In addition, the teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, not in Applicants' disclosure. *In re Vaeck*, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991).

In *In re Hedges*, 783, F.2d 1038, 1041, 228 U.S.P.Q. 685, 687, (Fed. Cir. 1986), the U.S. Court of Appeals for the Federal Circuit stated that "the prior art as a whole must be considered. The teachings are to be viewed as they would have been viewed by one of ordinary skill." The court also stated that "[i]t is impermissible within the framework of section 103 to pick and choose from any one reference only so much of it as will support a given position, to the exclusion of other parts necessary to the full appreciation of what such reference fairly suggests to one of ordinary skill in the art" (quoting *In re Wesslau*, 353 F.2d 238, 241, 147 U.S.P.Q. 391, 393 (CCPA, 1965)).

Therefore, Deaton fails to show, teach or make obvious the invention as claimed by

Applicants. The Office Action has failed to provide proper motivation for modifying the Deaton reference. In addition, the Office Action has utterly failed to provide a proper basis of motivation for the combination of claim limitations, as recited by the independent claims and dependent claims. Even if the Deaton reference could be modified as suggested by the Office Action, the resulting combination would fail to disclose the combination of claimed limitations.

Claims 21-28 and 31-38 all depend ultimately from one of independent claims 19 and 29. As such, each of these dependent claims contain each of the features recited in the independent claims. For the reasons stated above, Deaton fails to disclose the claimed inventions and the rejections should be withdrawn. Additionally, these claims are separately patentable over Deaton.

The initial burden is on the Examiner to provide some suggestion of the desirability of doing what the inventors have done. The Examiner has clearly failed to reach the initial burden. For a proper 103 rejection, there must be some motivation to modify the primary reference as suggested by the Office Action. Any such motivation is completely lacking. In addressing all of the elements and limitations of the remaining dependent claims, the Examiner applies the same improper statement of motivation that fails to establish why one of ordinary skill in the art would have been motivated to modify the system of Deaton to meet the combination of claim limitations recited by Applicants. Any such showing of proper motivation or valid attempt at such is completely lacking.

**CONCLUSION**

In view of the foregoing amendments and arguments, it is respectfully submitted that this application is now in condition for allowance. If the Examiner believes that prosecution and allowance of the application will be expedited through an interview, whether personal or telephonic, the Examiner is invited to telephone the undersigned with any suggestions leading to the favorable disposition of the application.

It is believed that no fees are due for filing this Response. However, the Director is hereby authorized to treat any current or future reply, requiring a petition for an extension of time for its timely submission as incorporating a petition for extension of time for the appropriate length of time. Applicants also authorize the Director to charge all required fees, fees under 37 C.F.R. §1.17, or all required extension of time fees, to the undersigned's Deposit Account No. 50-0206.

Respectfully submitted,

HUNTON & WILLIAMS LLP

Date: February 18, 2005

By: \_\_\_\_\_

Yisun Song  
Registration No. 44,487 for  
Thomas J. Scott, Jr.  
Registration No. 27,836

Hunton & Williams LLP  
1900 K Street, N.W., Suite 1200  
Washington, D.C. 20006-1109  
(202) 955-1500 (phone)  
(202) 778-2201 (facsimile)